



DEPARTMENT OF VETERANS AFFAIRS

Regional Office
1240 East Ninth Street
Cleveland OH 44199

May 4, 2001

In Reply Refer To: 325/264
Information Letter 26-01-11

TO: All VA Management Brokers in Ohio

SUBJ: Management Fees and Commissions

1. **PURPOSE:** There have been a number of VA property management program changes which have, in part, reduced the attractiveness of Management Broker participation in our property management program (lead based paint issues, reduced inventories from record high levels, etc.). Therefore, we have changed our fee schedule to allow for increased payments for many of your VA related duties. Further, to ensure prompt Initial Inspection Reports, we have established a revised schedule to reward timely reports. Each revision is discussed below.

a. Monthly Management Fee. The flat monthly management fee for a property assigned by VA to a management broker has been increased from \$20.00 per month to \$40.00 per month.

b. Commissions for Supervising Repairs. The commission for supervising approved repairs to properties will not exceed 10% of the cost of those repairs, up to a total of \$200.00 maximum for such supervision. This is an increase from the previous ceiling, which was \$150.00.

c. Commissions for Supervising Maintenance Work. Similarly, the commission for such services will not exceed 10% of the cost of the work, up to a total of \$200.00. It is an increase from the previous ceiling, which was \$150.00. Maintenance work includes grass cutting, care of shrubs and trees, lock changes, winterizing, property boarding, snow removal, maintaining utilities etc. This \$200.00 maximum total is regardless of the total cost of the different services provided.

d. Mileage. In unusual situations, VA may pay round trip mileage. These unusual cases would include those cases where VA has requested that the broker accept an assignment to fulfill a special need, or when the property is located outside the broker's area of appointment. In such cases, VA would reasonably expect the broker to visit several properties (if assigned) and would not reimburse round trip mileage on each property inspected.

e. Property Inspection Report. It is expected that brokers will complete the Initial Property Inspection Report and submit it to this office within 15 calendar days of the date of the assignment. The report must include photos of the subject property and comparable properties. A sliding scale has been established to ensure prompt reports.

Within 15 days of assignment	\$250.00
Between 16 and 30 days of assignment	\$150.00
Over 30 days from assignment	\$100.00

For the vast majority of you who submit your reports timely, this change will have no effect.

f. Re-inspection Fee. VA, at times, reanalyzes properties in our inventory. To ensure the availability of current market data, VA may find it necessary to require that an MB provide a new Property Inspection Report. In those cases, a maximum of one half the amount paid for the initial report will be paid for the updated report.

g. Payment of Bills on Behalf of VA. It is standard practice for MBs to incur and pay routine and recurring expenses on behalf of VA. VA expects the MB to incur and pay charges up to \$500 per property, claim reimbursement on their monthly consolidated invoice and receive their 10% supervisory fee up to \$200 as discussed above.

2. These fee rates are summarized on the attached chart for your ready reference. Should you have any concerns, do not hesitate to contact your Realty Specialist for clarification. These fee rate changes are effective May 1, 2001.

3. Thank you for your continuing participation in our VA Loan Guaranty program.

JAMES L. BRUBAKER, JR.
Loan Guaranty Officer

Attachment